



Auckland Light Rail Limited

Statement of Performance Expectations

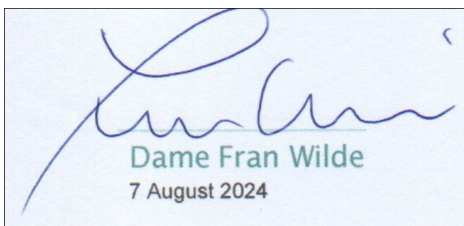
For year ending 30 June 2025

Auckland Light Rail Limited Statement of Performance Expectations

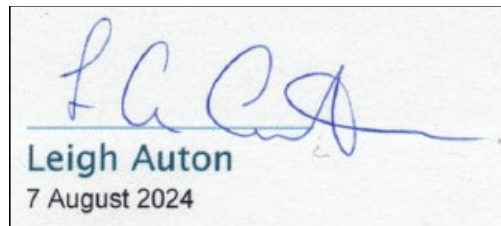
For the year ending 30 June 2025

This statement of performance expectations (SPE) is submitted by the Board of Directors of Auckland Light Rail Ltd, pursuant to the Crown Entities Act 2004 and sets out the activities of Auckland Light Rail Ltd for the period from 1 July 2024 to 30 June 2025.

The Board are responsible for the financial statements presented, including the appropriateness of the assumptions made in preparing the financial information and all other disclosures.



Dame Fran Wilde
7 August 2024



Leigh Auton
7 August 2024

Introduction

This Statement of Performance Expectations (SPE) sets out the performance expected of Auckland Light Rail Ltd (ALR Ltd) for the 12 months from 1 July 2024 to 30 June 2025 and how we will measure progress.

The areas of focus in this document are informed by the Letter of Expectations: Auckland Light Rail Limited dated 14 January 2024.

Establishment

From April 2021, a unit initially working through Waka Kotahi and subsequently the Ministry of Transport advanced the ALR programme (ALR Unit).

In October 2022 ALR Ltd was established as a limited liability company incorporated under the Companies Act 1993 and is a Crown Entity company named under schedule 2 of the Crown Entities Act 2004, to assume the roles, functions, and work of the previous ALR Unit.

Financial cutover from the Ministry of Transport to ALR Ltd was 1 November 2022.

On 14 January 2024, the Government instructed the company to cease work on the project and to take the steps necessary to wind up the company.

Objectives and purpose of Auckland Light Rail Ltd

On 20 December 2023, the shareholding Ministers resolved to amend the purpose of the company in its constitution as follows:

The previous purpose of the Company was to undertake, deliver and construct the Auckland Light Rail Project in the manner contemplated by, and subject to, all decisions made by the Crown. The new purpose of the Company is to manage the Company's disestablishment in a manner that protects the Crown's financial and other interests, which shall involve the Company ceasing all work on the Auckland Light Rail Project and undertaking the necessary disestablishment activities.

The letter of expectations dated 14 January 2024 required ALR Ltd to stop all work on the Project immediately, avoid incurring any unnecessary expenditure, and initiate a process to wind up the Company as soon as reasonably practicable.

Specific expectations are to:

- Efficiently and effectively disestablish ALR Ltd including by winding up employee arrangements, subject to consultation, and conclude ALR Ltd's operations.

- Work proactively, openly, and cooperatively with the Ministry of Transport (as ALR Ltd's monitor under the Crown Entities Act 2004) to facilitate the wind down process and ensure an effective transfer process, including in accordance with the transition provisions of the Project Planning and Funding Agreement (PPFA). Ministers have delegated the decisions of the Crown under the PPFA relating to the treatment of assets, intellectual property, and contracts in each case below \$1 million to the Chief Executive of the Ministry of Transport on behalf of the Shareholding Ministers as part of the disestablishment process. We expect ALR Ltd to work closely with the Chief Executive and the Ministry on these matters.
- Identify and assess (in consultation with the Ministry of Transport, the Treasury and the Ministry of Housing and Urban Development) the treatment of any physical assets (including land).
- Identify and assess (in consultation with the Ministry of Transport) intangible assets (including intellectual property), contracts, residual rights, obligations and liabilities, and data holdings that might be transferred to other Crown entities or be sold or otherwise disposed of.
- Transfer the intellectual property created or developed in connection with the Project to the Ministry of Transport, subject to the outcome of the above due diligence process.
- Transfer or otherwise dispose of any land owned by ALR Ltd in the manner subsequently advised by Ministers.
- Once all creditors have been paid and any other financial obligations and obligations settled by the Company, return any surplus funds to the Crown.

As at 30 June 2024 the majority of the disestablishment was complete with the exception of the property disposal.

No Statement of Intent

Auckland Light Rail Ltd (ALR Ltd) was granted a waiver of the requirement to prepare a statement of intent, pursuant to section 139B (3) of the Crown Entities Act, on the basis that the company is likely to be removed from the register under the Companies Act 1993 in June 2025.

Reportable Outputs

This section provides a description of the intended outputs for the period 1 July 2024 to 30 June 2025 which are reportable under section 149E(1)(a) of the Crown Entities Act 2004. ALR Ltd's reportable outputs are to dispose of the property at 317 New North Road and disestablishment of the company. The reportable output has been revised from 2023/2024 to reflect the cancellation of the Auckland Light Rail project.

These differ from the reportable outputs in the FY23/24 SPE, due to the Government's instruction to stop all work on the project and disestablish the company. The previous expectations were to provide detailed planning work, associated planning advice and activities required to develop a business case to enable the Crown to make a final investment decision in relation to ALR in mid-2024.

ALR Ltd had an established baseline forecast for the cost of the detailed planning phase of \$189m. This was a multi-year appropriation established in 2022/2023. The 'Vote Transport' was adjusted in FY23/24 reducing the appropriation to \$9.8m for FY2024/25 although expectations from the Ministry are that ALR Ltd will operate and complete the disestablishment of the Company using revenue received from the property and not draw down against the appropriation.

At the time ALR Ltd was established, a capital appropriation of \$26m was extracted from the original \$189m. From this \$25m related to working capital for which 90 shares were issued. With a major portion of the disestablishment completed by 30 June 2024, \$20m will be returned as a Shareholder dividend. The balance of \$1m related to funding available for capital expenditure and 'Vote Transport' was adjusted in FY23/24 reducing the appropriation to \$52k. As there is no need for capital funding during the disestablishment the company will not be drawing down on this appropriation.

There was an additional \$131m for delivery of the Early Property Programme, of which \$33m was utilised to purchase the property at 317 New North Road. The balance of the appropriation was cancelled in FY23/24.

ALR Ltd is not expected to make a profit or provide a dividend to its shareholders.

The expected revenue and expenditure for each reportable output class for the 12 months to 30 June 2025 is as follows:

	2024/2025		2023/2024	
	Revenue (\$000)	Expenditure (\$000)	Revenue (\$000)	Expenditure (\$000)
Detailed planning phase for the Auckland Light Rail Project				
Corridor business case and Corridor Strategic Framework by June 2024 to inform a final investment decision	0	0	70,443	70,443

Note: It is the expectation of the Ministry that this appropriation will not be drawn down in FY24/25 however there is a requirement for the Company to report against this appropriation in the FY24/25 Annual Report

	2024/2025		2023/2024	
	Funding (\$000)	Expenditure (\$000)	Funding (\$000)	Expenditure (\$000)
Capital Appropriation				
Funding available for capital purchases to facilitate the operations of Auckland Light Rail Ltd	0	0	250	0

Note: It is the expectation of the Ministry that this appropriation will not be drawn down in FY24/25 however there is a requirement for the Company to report against this appropriation in the FY24/25 Annual Report

The performance of the output will be measured using the following performance targets for the financial year ending 30 June 2025 related to the disestablishment of the project.

Assessment of Performance	2023/2024		2024/2025
	Final Budgeted Standard	Estimated Actual	Budget Standard
Milestones are completed in line with the programme developed and maintained by ALR Ltd as required through the Project Planning and Funding Agreement dated 6 October 2022	100%	100%	No longer a measure
Disposal of the property at 317 New North Road and disestablishment of the company (see Note 1)	New measure	New measure	Achieved

Note 1 - The performance measure for this appropriation has been revised to reflect the cancellation of the Auckland Light Rail project

FORECAST FINANCIAL STATEMENTS

The forecast financials include a Statement of Forecast Performance, Statement of Forecast Financial Position, Statement of Forecast Changes in Equity and Statement of Forecast Cash Flows for the year ended 30 June 2025.

ALR Ltd's purpose is to dispose of the property it holds and complete the disestablishment of the company. ALR Ltd is self-funding based on the revenue generated from the property.

ALR Ltd incurs expenditure as part of its various activities. Operating expenditure (i.e. the day to day running of ALR Ltd) is recorded in Total Comprehensive Revenue and Expenses. This expenditure is funded by the revenue received from the tenanted property.

Statement of Forecast Performance

for the year ended 30 June 2025

	Budget	Forecast
	FY24/25	FY23/24
	\$(000)	\$000
Revenue		
Grant Revenue	-	40,238
Rental Revenue	2,134	1,600
Interest revenue	120	1,318
Other revenue	395	281
Total revenue	2,649	43,437
Expenses		
Employment expenses	-	3,989
Professional services (Urban, Engineering, Design, Planning, Legal, Commercial)	720	31,865
IT expenses	221	1,083
General expenses	866	3,728
Insurance expenses	159	195
Depreciation and amortisation expenses	-	331
Total expenditure	1,966	41,191
Surplus	683	2,246
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense for the year	683	2,246

Statement of Forecast Financial Position

as at 30 June 2025

	Budget FY24/25 \$(000)	Forecast FY23/24 \$000
Assets		
Cash and cash equivalents	-	27,947
Trade and other receivables	-	189
Prepayments	-	141
Total current assets	-	28,277
Capital work in progress	-	-
Prepayments	-	77
Assets held for disposal	-	33,000
Total non-current assets	-	33,077
Total assets	-	61,354
Liabilities		
Accounts payable and accruals	-	128
Current employee entitlements	-	-
Total current liabilities	-	128
Total liabilities	-	128
Net assets	-	61,226
Equity		
Contributed capital	-	25,000
Capital Injection	-	33,414
Retained earnings	-	2,812
Total equity	-	61,226

Statement of Changes in Equity

for the year ended 30 June 2025

	Retained earnings \$(000)	Contributed capital \$(000)	Capital injection \$(000)	Total \$(000)
Balance at 1 July 2024	2,812	25,000	33,414	61,226
Total comprehensive revenue and expense for the year	683	-	-	683
Owner transactions:				
Funding received share issue	-	-	-	-
In Specie Distribution	-	-	(33,414)	(33,414)
Shareholder Dividend	(3,495)	(25,000)	-	(28,495)
Capital injection	-	-	-	-
Balance at 30 June 2025	-	-	-	-
Balance at 1 July 2023	-	25,000	-	25,000
Total comprehensive revenue and expense for the year	2,812	-	-	2,812
Owner transactions:				
Funding received share issue	-	-	-	-
Shareholder Dividend	-	-	-	-
Capital injection	-	-	33,414	33,414
Balance at 30 June 2024	2,812	25,000	33,414	61,226

Statement of Changes in Equity

for the year ended 30 June 2025

	Retained earnings \$(000)	Contributed capital \$(000)	Capital injection \$(000)	Total \$(000)
Balance at 1 July 2024	2,812	25,000	33,414	61,226
Total comprehensive revenue and expense for the year	683	-		683
Owner transactions:				
Funding received share issue	-	-		-
In Specie Distribution			(33,414)	(33,414)
Shareholder Dividend	(3,495)	(25,000)		(28,495)
Capital injection		-	-	-
Balance at 30 June 2025	-	-	-	-
Balance at 1 July 2023	-	25,000	-	25,000
Total comprehensive revenue and expense for the year	2,812	-		2,812
Owner transactions:				
Funding received share issue	-	-		-
Shareholder Dividend		-		-
Capital injection			33,414	33,414
Balance at 30 June 2024	2,812	25,000	33,414	61,226

NOTES TO THE FORECAST FINANCIAL STATEMENTS

1. Statement of Accounting Policies

Auckland Light Rail Limited (the 'Company' or 'ALR Ltd') is a Crown Entity, registered under schedule 2 of the Public Finance Act and is domiciled in New Zealand.

The Company was incorporated on 22 September 2022 as Auckland Light Rail Limited (ALR Ltd) and is wholly owned by the Crown through the Minister of Transport, Minister of Finance and the Minister of Housing.

The Company's purpose was to develop a detailed plan and business case for the Auckland Light Rail project to enable the Crown to make a final investment decision. ALR Ltd commenced operations with effect from 1 November 2022.

On 14 January 2024, the new Government announced, as part of its 100 Day Action Plan, to cancel Labour's Auckland Light Rail Project.

The Crown advised ALR Ltd to cease work on the Project and begin disestablishment of the company. As a result, the financial statements have been prepared on a disestablishment basis.

The disposal of a property acquired is still in progress and is expected to occur within twelve months. Changes have been made to the recognition and measurement basis and presentation of assets and liabilities in these financial statements due to the disestablishment basis of preparation.

2. Basis of Preparation

These forecast financial statements have been prepared in accordance with the requirements of the Public Finance Act and the Crown Entities Act 2004, which includes the requirement to comply with PBE FRS 42, generally accepted accounting practice in New Zealand (NZ GAAP) and the Companies Act 1993. The Company is a Public Benefit Entity (PBE) for financial reporting purposes and reports under Tier 1 PBE standards. The forecast financial statements are presented in New Zealand Dollars (\$000), which is the Company's functional currency and have been prepared on an accrual and historical cost basis. Information contained in these statements may not be appropriate for purposes other than those described.

Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

3. Cash and cash equivalents

Cash comprises cash at bank and short-term deposits with a maturity of three months or less.

4. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Financial Assets will be recognized at fair value.

Trade and other receivables will be received within 30 days of recognition. ALR Ltd will actively manage unpaid debtors beyond 30 days.

After initial measurement, such financial assets are subsequently measured at amount due less an allowance for credit losses.

Financial Liabilities

Financial liabilities are classified as payables. The Company's financial liabilities include trade and other payables.

Trade and other payables are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

5. General Expenses

General expenses includes costs such as insurance, rates, disestablishment costs and repairs and maintenance.

6. Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Rental Revenue

Rental revenue under an operating lease is recognised as revenue on a straight-line basis over the lease term and is included in revenue in the statement of financial performance due to its operating nature.

Outstanding customer receivables are monitored monthly and balances >30 days are followed up for recovery.

7. Tax

ALR Ltd is a Public Authority in accordance with the Income Tax Act 2007 (sec CW 38) and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Items in the financial statements are presented exclusive of GST, except for receivables and payables which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

8. Significant Accounting Judgements, Estimates and Assumptions

In preparing these forecast financial statements, ALR Ltd have made judgements, estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Opening balances of the statement of financial position are derived from the best assumptions for the closing balances at 30 June 2024.

These statements comply with Public Benefit Entity Financial Reporting Standard (PBE FRS 42 Prospective Financial Statements).

The significant forecasting assumption used in developing the financial forecasts in the Statement of Performance Expectation is that all revenue will be derived from the property and no grant revenue will be received from Crown appropriations. Due to the uncertain timing of disposal of the property, the assumption in the forecast result is that the property will be disposed of in June 2025 and rental income will be received for the full year. If the property is disposed of earlier, the forecast result will be impacted by a reduction to income for the year. As a result, ALR Ltd may be required use a portion of the startup equity in the dissolution of the Company to cover forecast costs to fully disestablish the company.



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Contact Us

- lightrail.co.nz
- info@lightrail.co.nz